

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 HONG KONG 11251

E.O. 11652: GDS
TAGS: PINT, CH
SUBJECT: PRC LEADERSHIP AND POLICY DYNAMICS

REF: PEKING 2520

1. INTRODUCTION: WE HAD JUST ABOUT COMPLETED AN ASSESS-
MENT OF THE POLITICAL SITUATION IN CHINA ONE YEAR AFTER THE
11TH PARTY CONGRESS WHEN WE RECEIVED USLO'S EXCELLENT TREAT-
MENT OF THE SUBJECT. THOUGH OUR PRESENTATION CLOSELY
PARALLELS THAT OF OUR NORTHERN BRETHREN, WE SEND IT ON IN
THE BELIEF THERE IS SOME VALUE IN SHOWING THAT THE TWO POSTS
HAVE INDEPENDENTLY ARRIVED AT ESSENTIALLY THE SAME CON-
CLUSIONS ON THE STATE OF AFFAIRS IN THE PRC.

2. SUMMARY: ONE YEAR AFTER THE 11TH PARTY CONGRESS, THERE
REMAINS A BROAD POLITBURO CONSENSUS THAT CHINA REQUIRES
A SUSTAINED PERIOD OF UNITY, STABILITY AND PRAGMATIC,
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MODERATE POLICIES TO RECOVER POLITICALLY AND ECONOMICALLY
FROM THE DISASTROUS CULTURAL REVOLUTION (CR) DECADE.
CHANGES IN DOMESTIC POLICY TOWARD GREATER RELIANCE
ON DISCIPLINE AND INCENTIVES HAVE GENERALLY GONE IN
THE DIRECTION ADVOCATED BY VICE CHAIRMAN TENG HSIAO-PING
AND HIS FOLLOWERS. THE FAR-REACHING NATURE OF SOME OF
THESE CHANGES HAS UNDERSTANDABLY PROVOKED CONTROVERSY

WHICH CONTRIBUTES TO THE CULTURAL REVOLUTION'S REMAINING LEGACY OF POLITICAL INFIGHTING AT THE CENTER AND IN THE PROVINCES. WHILE TENG AND HIS FOLLOWERS HAVE CLEARLY TAKEN THE INITIATIVE IN THIS INFIGHTING IN RECENT MONTHS, BUOYED BY SUCCESS ON POLICY ISSUES AND CONSTRAINED BY THE PERCEIVED NEED FOR UNIT AND STABILITY, THEY SEEM CONTENT AT LEAST FOR THE TIME BEING WITH AIRLY MODERATE TACTICS DESIGNED TO ISOLATE AND WEAKEN THEIR OPPONENTS RATHER THAN TO DESTROY THEM. END SUMMARY.

3. IN RECENT MONTHS, PEKING HAS MADE A SERIES OF DRAMATIC POLICY DECISIONS ON A WIDE RANGE OF ISSUES, INCLUDING INTELLECTUAL AND EDUCATIONAL POLICY AND ECONOMICS. THESE DECISIONS REPRESENT A VICTORY FOR VICE CHAIRMAN TENG HSIAO-PING. IT WAS HE, FOLLOWING HIS RETURN TO POWER LAST SUMMER, WHO TOOK THE LEAD IN DUSTING OFF THESE POLICIES, WHICH HAD FIRST BEEN PROPOSED IN 1975 PRIOR TO HIS DOWNFALL AT TIENANMEN. DOMESTICALLY, THESE MODERATE, PRAGMATIC POLICIES OFFER GREATER REWARDS FOR COMPETENCE AND LESS EMPHASIS ON POLITICAL ACITIVISM AND RECTITUDE. EXTERNALLY, THEY HERALD GREATER CHINESE CONTACT WITH THE WEST.

4. THOUGH DETAILED EVIDENCE IS LACKING, IT SEEMS REASON-
ABLE TO ASSUME THAT TENG'S POLICY LINE, WITH ITS DRASTIC
DEPARTURE FROM PAST PRACTICES AND MAOIST THEORY, PROVOKED
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POOOSSION AND FOOT-DRAGGING WITHIN THE POLITBURO. THESE DIFFERENCES WERE EVIDENT IN THE CONFLICTING LINES TAKEN BY CHAIRMAN HUA KUO-FENG IN TWO SETS OS SPEECHES EARLIER THIS YEAR ON SCIENCE AND TECHNOLOGY AND POLITICAL WORK IN THE PLA. WHEREAS TENG DEFINED MARXISM AS PRAGMATISM, AND STRESSED THE NEED TO ENCOURAGE CHINA'S SMALL INTELLECT-
UAL ELITE WITHOUT UNDUE REGARD FOR ITS COMMITMENT TO MARXISM, HUA CONTINUED TO EMPHASIZE THE IMPORTANCE OF IDEOLOGICAL RECTITUDE AND THE CORRECTNESS OF THE CR POLICIES BASED ON SOCIAL LEVELLING.

5. HUA'S MORE CAUTIOUS APPROACH TO CHANGE APPEARED MOTIVATED BY CONCERN THAT THE DESANCTIFICATION OF MAO INHERENT IN TNEG'S COURSE WOULD UNDERMINE HIS OWN POSITION, WHICH RELIES HEAVILY ON MAO'S BLESSING. OTHERS, WHILE SHARING THE BELIEF THAT THE DESTRUCTIVE POLICIES OF THE CR ERA HAD TO BE REPLACED WITH MEASURES RESTORING DISCIPLINE AND ECONOMIC GROWTH, MAY HAVE BEEN CONCERNED THAT TENG AND HIS FOLLOWERS WERE PUSHING THE PRC TOO FAST AND FAR DOWN THE REVISIONIST ROAD IN SEEKING TO ACHIEVE THESE GOALS. IN VIEW OF THE ENORMITY OF THE ISSUES INVOLVED, IT WOULD BE SURPRISING INDEED IF THEY DID NOT PROVOKE DEBATE

SPILLING OVER INTO CONTROVERSY WITHIN THE POLITBURO. FOR EXAMPLE, GIVEN THE HISTORICAL ROLE OF THE CHINESE COMMUNIST PARTY IN CHAMPIONING CHINA'S DISADVANTAGED, IT IS LIKELY THAT DISCUSSIONS OF EDUCATIONAL POLICY STIMULATED LIVELY DEBATE WITHIN THE POLITBURO REVOLVING AROUND QUESTIONS SUCH AS: 1) THE RELATIONSHIP BETWEEN COMMUNISM'S EGALITARIAN PROMISE AND ELITISM IN THE SERVICE OF RAPID MODERNIZATION; 2) HOW TO PREVENT THE EMERGENCE OF A BUREAUCRATIC AND INTELLECTUAL "NEW CLASS"; AND 3) HOW TO COPE WITH DISADVANTAGED YOUTH WHO FEEL THEIR PATH HAS NOW BEEN CLOSED BY ELITIST POLICIES.

6. IN THE END, TENG AND HIS FOLLOWERS HAVE FOR THE MOST PART GOTTEN THEIR WAY. OF CRUCIAL IMPORTANCE TO THEM HAS
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BEEN A POPULAR CONSENSUS WHICH FAVORS REPLACING CR EXPERIMENTS WITH A MORE DISCIPLINED SOCIAL ORDER, APPLAUDS CULTURAL RELAXATION, AND NODS APPROVAL AT THE PROSPECT OF OPENING CHINA TO GREATER FOREIGN CULTURAL AND ECONOMIC INFLUENCE. 8, 8,54--PARTY DISPUTES, NOTABLY THE DEBATE ON INTELLECTUAL POLICY AND HOW TO ASSESS THE CR LEGACY, TENG AND HIS FOLLOWERS SKILLFULLY MANIPULATED POPULAR OPINION TO THEIR ADVANTAGE BY SPEAKING BOLDLY IN VARIOUS FORA AND EMPLOYING THE MEDIA TO WHIP UP POPULAR ANTICIPATION.

7. EVEN AFTER FORMAL POLITBURO DECISIONS HAVE BEEN TAKEN, IT IS OBVIOUS THAT MANY PROVINCIAL AND LOCAL PARTY OFFICIALS AND CADRES CONTINUE TO PASSIVELY OPPOSE IMPLEMENTING SOCIAL AND ECONOMIC REFORMS -- SOME OUT OF VONVICTION, BUT MOST OUT OF FEAR OF BEING CAUGHT ONCE AGAIN IN A LEFTISH BACKLASH. AS SHOWN IN THIS SPRING'S IMBROGLIO AT THE NATIONAL EDUCATION WORK CONFERENCE, SOME CADRES AT THE LOWER LEVELS FELT DEEPLY ENOUGH ABOUT THE ISSUE TO OPENLY RESIST TENG-BACKED-REFORMS. THE FACT THAT THE MEDIA DISCUSSED AND ADMONISHED THESE ERRANT CADRES SUGGESTS THAT A LESSON WAS INTENDED FOR SIMILARLY-MINDED OFFICIALS AT THE CENTER.

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8. AND YET, DESPITE SUCH OPPOSITION, TENG'S STEAMROLLER HAS GONE FORWARD. ON MAJOR PARTY ISSUES AS WELL, TENG HAS LARGELY GOTTEN HIS WAY IN RECENT MONTHS. WITH DETERMINATION, BOLDNESS AND WELL-PLACED, TIMELY SUPPORT FROM HIS LIEUTENANTS IN THE PROPAGANDA AND MEDIA FIELDS, TENG HAS BID TO BECOME THE CHIEF INTERPRETER OF A MAO BROUGHT DOWN TO EARTH. TENG HAS SKILLFULLY USED MAO'S EARLY THEORETICAL WORKS SUCH AS "ON PRACTICE", THE LATE CHAIRMAN'S 1944 SPEECH "ON THE PROBLEM OF POLITICAL WORK FOR ARMYMEN" AND MAO'S 1962 SPEECH TO THE ENLARGED WORK CONFERENCE TO SUPPORT HIS OWN MODERATE APPROACH.

9. WITH INCREASING SUCCESS, TENG AND HIS ALLIES HAVE OVERCOME HUA'S CONTINITION THAT EXAMINATION OF CHINA'S RECENT TROUBLES SHOULD STOP AT THE GANG OF FOUR ERA. THIS IS A PARTICULARLY TOUCHY AREA GIVEN HUA'S INVOLVEMENT WITH THE COMMISSION WHICH INVESTIGATED THE LIN PIAO INCIDENT AS WELL AS HUA'S ASSOCIATION WITH THE APRIL 1976
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DECISION TO DRIVE TENG AND HIS SUPPORTERS FROM POWER IN THE WAKE OF THE TIENANMEN INCIDENT. OVER HUA'S OBJECTIONS, TENG AND HIS ALLIES HAVE SKILLFULLY USED THE MEDIA IN RECENT MONTHS TO PAINT A DARK PICTURE OF THE CR AND TO BUILD SYMPATHY FOR VICTIMS OF THE CR, I.E., THEMSELVES.

10. WITH SOMEWHAT LESS SUCCESS, TENG, WEI KUO-CHING, AND OTHER PLA LEADERS CLOSE TO TENG, HAVE KEPT UP PRESSURE ON PLA LEADERS WHO ROSE UNDER THE PATRONAGE OF LIN PIAO, A GROUP WHOSE MOST PROMINENT MEMBERS ARE CH'EN HSI-LIEN

AND LI TE-SHENG, TWO OF HUA'S CLOSEST ALLIES. HUA, PERHAPS WITH HELP FROM VICE CHAIRMAN YEH CHIEN-YING AND OTHERS WHO FEAR THE EFFECTS OF REOPENING PARTY WOUNDS, WERE ABLE TO LIMIT THE DURATION AND INTENSITY OF THE LIBERATION ARMY DAILY'S JANUARY CAMPAIGN AGAINST POLITICAL TRIMMERS (THE "WINDY, SLIPPERY AND EARTHQUAKE FACTIONS"). AND, AT THE RECENT PLA POLITICAL WORK CONFERENCE, HUA AND YEH ON ONE SIDE AND TENG ON THE OTHER, TOOK OPPOSITE POSITIONS ON THE QUESTION OF WHETHER OR NOT ADHERENTS OF LIN PIAO HAVE BEEN CLEANED OUT OF THE PLA. RECENT REPORTS OF A PURGE OF LIN PIAO SUPPORTERS IN THE CANTON MR SUGGEST THAT TENG AND HIS ALLIES ARE NOW GETTING THEIR WAY ON THIS ISSUE.

11. TENG AND HIS ALLIES ALSO CONTINUE THEIR QUEST TO WEAKEN THE CR BENEFICIARIES AT THE CENTER AND ROOT THEM OUT IN THE PROVINCES. THE SHARPNESS OF "PEOPLE'S DAILY" ILL-DISGUISED JULY 30 ATTACK ON PEKING PARTY FIRST SECRETARY AND POLITBURO MEMBER WU TE IS ANOTHER, ALTHOUGH CLEARLY MORE SERIOUS, LUNGE IN A RELENTLESS CAMPAIGN EMPLOYING WHISPERED VILIFICATION, POSTERS AND MEDIA ARTICLES WHICH THE TENG FORCES HAVE AIMED VARIOUSLY AT WANG TUNG-HSING, CH'EN HSI-LIEN, LI TE-SHENG AND WU TE
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SINCE THE 11TH PARTY CONGRESS. THOUGH THE TENG FORCES HAVE NOT PULLED DOWN ANY OF THESE CLOSE ALLIES OF HUA AT THE CENTER, THEY HAVE DISPOSED OF FIRST SECRETARIES IN HEILUNGKIANG AND TIENTSIN, BOTH CR BENEFICIARIES. AND, THE JUNE 1"5 "PEOPLE'S DAILY" ATTACK ON SHENSI PARTY FIRST SECRETARY LI JUI-SHAN, AGAIN PLACED ONE OF HUA'S PROVINCIAL ALLIES ON THE DEFENSEIVE.

12. IN THE CONTEXT OF TENG'S POLICY VICTORIES AND THE STEADY CACAPHONY SUGGESTING THAT SOME IMPORTANT FIGURES AT THE CENTER AND IN THE PROVINCES ARE IRREPARABLY TAINTED BY THEIR PARTICIPATION IN THE CR, HUA IS CAST IN THE TICKLISH ROLE OF A REAR-GUARD DEFENDER OF THESE VULNERABLE AND UNPOPULAR INDIVIDUALS. HUA, OF COURSE, HAS SUPPORT FROM A CONSIDERABLE NUMBER OF ALLIES, THOSE CENTRAL AND PROVINCIAL AND LOCAL PARTY OFFICIALS WHO, GIVEN THEIR CR INVOLVEMENT, IDENTIFY THEIR FATE WITH HIS.

13. HUA MAY ALSO BENEFIT FROM A MIDDLE GROUP AT THE CENTER COMPRISED OF SUCH INDIVIDUALS AS VICE CHAIRMEN EYH CHIEN-YING AND LI HSIEN-NINE, WHO WHILE SURVIVING THE CR, PRESERVED THEIR REPUTATIONS BY STEERING CLEAR OF IDENTIFICATION WITH CR EXTREMISM AND THE GANG OF FOUR. THIS GROUP APPEARS TO ACT AS A BRAKE ON TENG'S HANDLING OS SUCH KEY POLITICAL ISSUES OF HOW DEEP TO PURGE, HOW

FAR TO GO IN DESANCTIFYING MAO AND HOW TO ASSESS THE CR. ABETTED BY A WIDE-SPREAD RECOGNITION OF THE DAMAGE TO CHINA'S DOMESTIC AND FOREIGN IMAGE THAT FURTHER PURGES WOULD BRING, THIS MIDDLE GROUP APPEARS TO BE A VITAL FORCE GLUING TOGETHER THE PRESENT LEADERSHIP AMALGAM.

14. THE CRITICAL QUESTION FOR NOW IS WHETHER OR NOT EVENTS ARE MOVING RAPIDLY ENOUGH FOR TENG, A CONSTITUTIONALLY IMPATIENT MAN WHO KNOWS HIS WORKING YEARS CAN PROBABLY BE COUNTED ON THE FINGERS OF ONE HAND. WE BELIEVE HE SHOULD BE FAIRLY PLEASED, SINCE HE HAS, IN MOST CASES, CONFIDENTIAL

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GOTTEN HIS WAY, AND SINCE HIS NATURAL ALLIES NOW OCCUPY MANY KEY POSITIONS THROUGHOUT CHINA'S STATE, MILITARY AND PARTY APPARATUS. IF THERE IS ANY DANGER FOR TENG, IT IS IN THE HASTE WITH WHICH HE IS OVERTHROWING FORMERLY SANCTIFIED MAOIST IDEALS IN HIS ANXIETY FOR CHINA'S RECOVERY AND ADVANCEMENT. THERE IS A WHIFF OF THE LATE CH'ING HUNDRED DAYS REFORM IN THE RAPID PLETHORA OF SWEEPING CHANGES DECREED AND FORECAST FOR CHINA. AND LIKE THE HUNDRED DAY ERA, THERE ARE MANY WHOSE VESTED INTERESTS OR TRUE BELIEFS ARE BEING VIOLATED BY THIS RAPID DEPARTURE FROM THE OLD REGIME. AT PRESENT, THESE INDIVIDUALS ARE BEING HELD IN CHECK BY THE POPULAR REVULSION AGAINST THE CR WHICH PROVIDES TENG AND COMPANY A HOSPITABLE ENVIRONMENT FOR THEIR DRAMATIC DEPARTURES. WHETHER THEY CONTINUE TO BE HELD IN CHECK -- AND THEY DO REPRESENT SOME DEEPLY ROOTED ELEMENTS OF THE CHINESE PSYCHE, E.G., DISTRUST OF THE OUTSIDE WORLD -- DEPENDS ON TENG'S SUCCESS IN PROMOTING CHINA'S ECONOMIC DEVELOPMENT AND THE SOCIAL WELL-BEING OF ITS PEOPLE. SHOESMITH

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